

CONSTANTINE TOWNSHIP
ST. JOSEPH COUNTY, MICHIGAN
75-1030
REPORT OF AUDIT
AS OF
MARCH 31, 2004

AUDITING PROCEDURES REPORT

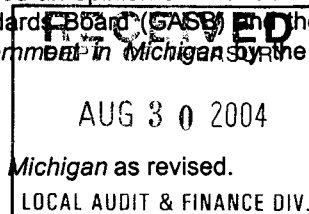
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Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Constantine Township	County St. Joseph
Audit Date 3/31/04	Opinion Date 7/5/04	Date Accountant Report Submitted to State: 8/24/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Jones' CPA Office			
Street Address 100 S. Washington St.	City Constantine	State MI	ZIP 49042
Accountant Signature Shirley J. Jones			

CONSTANTINE TOWNSHIP

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Jones' CPA Office

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INDEPENDENT AUDITOR'S REPORT

Constantine Township Board

We have audited the accompanying general purpose financial statements of Constantine Township, St. Joseph County, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of Constantine Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Constantine Township, St. Joseph County, Michigan, as of March 31, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5 and 16, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Jones' CPA Office

Constantine, Michigan
July 5, 2004

Constantine Township Management's Discussion and Analysis

As the Constantine Township Board, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Township for the year ended March 31, 2004. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please consider the information presented here in conjunction with the financial statements and notes that follow.

Overview of the Financial Statements

The Township's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains budgetary schedules as part of the required supplementary information.

The government-wide financial statements provide a broad view of the Township's operations. These are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods used by most businesses. All revenues and expenses are accounted for within the fiscal year, even if the cash involved has not been received or paid. The government-wide financial statements include two statements. The statement of net assets reports all of the Township's assets and liabilities, with the difference between the two reported as "net assets". Increases or decreases in net assets may help determine if the Township's financial position is improving or deteriorating. The statement of activities presents information that shows how the net assets changed during the most recent year.

The governmental funds financial statements report the Township's operations in more detail. These are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The governmental fund financial statements provide a short-term view of the finances that help to determine whether there will be sufficient resources available to meet the current needs of the Township.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help with this comparison.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on pages 12 through 15. The statement regarding the budget is required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Township's net assets totaled \$582,207 at March 31, 2004. A portion of the Township's net assets (32% for both years presented) is its investment in fixed assets, net of depreciation. Keep in mind that these assets are used to provide township services to the public, consequently these assets are not available for future spending. Furthermore, a portion of the Township's net assets (21% and 17%, respectively) represents resources that are subject to restrictions on how they may be used. The restricted net asset amount is Constantine Township's portion (60%) of an investment held jointly with Florence Township (40%). The purpose of the investment is to fund future fire equipment purchases. The remaining balance of unrestricted net assets (47% or \$271,893 and 51% or \$328,457, respectively) may be used to meet ongoing obligations to citizens.

Constantine Township's Net Assets

	<u>March 31, 2004</u>	<u>March 31, 2003</u>
Current assets	\$395,092	\$437,102
Capital assets	<u>188,210</u>	<u>202,826</u>
Total assets	583,302	639,928
Less:		
Current liabilities	<u>(1,095)</u>	<u>(365)</u>
Invested in capital	188,210	202,826
Restricted	122,104	108,280
Unrestricted	<u>271,893</u>	<u>328,457</u>
Total net assets	<u>\$582,207</u>	<u>\$639,563</u>

The Township's net assets decreased by \$57,356 during the year ended March 31, 2004. Approximately 29% and 26%, respectively, of the Township's total general revenue (\$214,827 and \$228,672) came from property taxes, IFT collections, the summer tax collection fee, and special assessments. The biggest source of general income (67% and 68%, respectively) was from state revenue sharing. Total revenues were \$25,934 (almost 10%) less in the current fiscal year. Charges for services suffered a \$12,089 decrease and state revenue sharing was down \$11,703. Total expenditures increased for the year ended March 31, 2004 by \$32,519 (12.5%). The largest expenditure was general government, which accounted for about 57% and 60%, respectively, of the total expenditures. General government expenditures were higher due to salary increases and land resource fee increases because of the new summer tax collection process. The decrease in public safety costs is due to less depreciation expense in 2004, and the increase in public works was due to road work expenditures. The general government expenditures are reported in more detail in the statement of Revenues, Expenditures, and Changes in Fund Balance on page 9 and the Schedule of Township Board Expenditures on page 17.

Constantine Township's Statement of Activities

	<u>March 31, 2004</u>	<u>March 31, 2003</u>
Revenues:		
Program revenues:		
Charges for services	\$19,785	\$31,874
General revenues:		
Property taxes and IFT collections	54,368	54,364
Summer tax collection fee	5,210	0
Special assessments	3,450	5,638
State revenue sharing	144,373	156,076
Interest	4,090	7,664
Permits, fees, fines	950	2,012
Reimbursements	103	2,710
Miscellaneous	2,283	208
Total revenues	<u>234,612</u>	<u>260,546</u>
Expenditures:		
General government	166,599	155,118
Public safety	41,704	48,378
Public works	83,665	55,953
Total expenditures	<u>291,968</u>	<u>259,449</u>
Change in net assets	(57,356)	1,097
Beginning net assets	<u>639,563</u>	<u>638,466</u>
Ending net assets	<u><u>\$582,207</u></u>	<u><u>\$639,563</u></u>

Fund Statement Financial Analysis

The governmental fund financial statements (as presented in the balance sheet and the statement of revenues, expenditures, and changes in fund balances found on pages 8 and 9) report a combined fund balance of \$393,997. The difference between the combined fund balance and the net assets is \$188,210, which is net capital assets. Similarly, the difference between the change in fund balances and the change in net assets has to do with the reporting of net assets, both depreciable and nondepreciable, as reported in the reconciliation found on page 10.

Budgetary Highlights

The budget was amended on several occasions throughout the year to prevent overruns in several accounts. There were no excess expenditures for the year ended March 31, 2004. The actual charges to expenditures were \$55,998 below the final budget amounts. The largest part of the under spending was attributable to Township board (\$15,248), cemetery supplies (\$10,628), capital outlay (\$13,335), and ordinance enforcement (\$4,858). Budgeted revenue exceeded actual revenue by \$11,638, with state revenue sharing accounting for nearly all of that difference.

Capital Assets

The Township had \$188,210 invested in capital assets (net of depreciation) as of March 31, 2004. Acquisitions for the year were \$2,165 and current year depreciation was \$16,781. Purchases included computer equipment and software. Additional information regarding capital asset activity is included in the notes to the financial statements. Land is the only nondepreciable asset.

The depreciable assets are building and improvements, computer equipment and software, furniture and fixtures, fire fighting equipment, and other equipment. Items purchased in prior years are recorded at approximate historical cost. It is the Township's policy to record all items that exceed \$500 and have a useful life beyond one reporting period as capital assets. Additionally, all computer equipment and all furniture purchased, even if less than \$500, are reported as capital assets.

Future Operations

Revenue is expected to remain about the same for the fiscal year ending March 31, 2005, except for state revenue sharing which is expected to decrease by about \$4,000. Expenditures for roads are expected to decrease by approximately \$64,000. Probable equipment purchases include a new fire rescue vehicle, which, as noted earlier, funds have been set aside for.

Constantine Township
Statement of Net Assets
March 31, 2004

	Primary Government Governmental Activities: General Fund	Component Unit: Constantine Township Library
ASSETS		
Cash	\$104,867	\$98,323
Investments	283,773	151,194
Property taxes receivable	4,950	102,497
Due from tax collection account	229	0
Accounts receivable	1,273	306
Capital assets:		
Nondepreciable:		
Land	105,865	32,007
Circulating items	0	199,890
Depreciable (net of depreciation)		
Building and improvements	41,418	93,823
Furniture and fixtures	2,254	3,491
Computer equipment and software	7,586	15,330
Fire equipment	28,348	0
Other equipment	2,739	5,069
Total capital assets	<u>188,210</u>	<u>349,610</u>
Total assets	<u>583,302</u>	<u>701,930</u>
LIABILITIES		
Accounts Payable	<u>1095</u>	<u>0</u>
NET ASSETS		
Invested in capital assets	188,210	349,610
Restricted	122,104	33,911
Unrestricted	<u>271,893</u>	<u>318,409</u>
Total net assets	<u>\$582,207</u>	<u>\$701,930</u>

See accompanying notes to financial statements.

Constantine Township
Statement of Activities
For the Year Ended March 31, 2004

Functions	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Assets	
			Primary Government Governmental Activities	Component Unit Constantine Township Library
Primary Government				
Governmental Activities:				
General government	\$166,599	\$10,389	(\$156,210)	
Public safety	41,704	9,396	(32,308)	
Public works	83,665	0	(83,665)	
Total governmental activities	<u>\$291,968</u>	<u>\$19,785</u>	<u>(\$272,183)</u>	
Component Unit:				
Township Library	\$130,484	\$6,222		(\$124,262)
General Revenues				
Taxes:				
Property taxes			46,999	89,676
IFT taxes			6,563	12,407
Delinquent personals			699	584
Other taxes			107	0
Tax collection fee			5,210	0
Special assessments			3,450	0
State revenue sharing/aid			144,373	4,080
Interest earned			4,090	4,609
Refunds and reimbursements			103	2,218
Permits, fees, fines			950	17,877
Miscellaneous			2,283	4,615
			<u>214,827</u>	<u>136,066</u>
Change in net assets			(57,356)	11,804
Net assets - beginning of year			<u>639,563</u>	<u>690,126</u>
Net assets - end of year			<u>\$582,207</u>	<u>\$701,930</u>

See accompanying notes to financial statements.

Constantine Township
Balance Sheet - Governmental Funds
March 31, 2004

	<u>General Fund</u>
ASSETS	
Cash	\$104,867
Investments	283,773
Property taxes receivable	4,950
Due from tax collection account	229
Accounts receivable	<u>1,273</u>
Total assets	<u>\$395,092</u>
LIABILITIES	
Accounts payable	\$1,095
FUND BALANCES	
Restricted	122,104
Unrestricted	<u>271,893</u>
Total fund balances	<u>393,997</u>
Total liabilities and fund balances	<u>\$395,092</u>

Reconciliation of the Government Fund Balance Sheet to the Statement of Net Assets

Total fund balance - Governmental funds	\$393,997
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>188,210</u>
Net assets of governmental activities	<u>\$582,207</u>

See accompanying notes to financial statements.

Constantine Township
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
March 31, 2004

	General Fund
REVENUES	
Property taxes	\$54,368
Tax collection fee	5,210
State revenue sharing	144,373
Charges for services -	
Cemetery	10,389
Fire	9,396
Interest earned	4,090
Refunds and reimbursements	103
Permits and fees	950
Miscellaneous income	2,283
Special assessments	3,450
	<hr/>
Total revenues	234,612
EXPENDITURES	
General Government:	
Township board	50,452
Supervisor	10,000
Clerk	16,000
Treasurer	19,000
Assessor	20,337
Election	115
Board of Review/Appeals	945
Building and grounds	2,675
Cemetery -	
Sexton	30,000
Supplies	9,372
Capital outlay	2,165
	<hr/>
	161,061
Public Safety:	
Fire and ambulance	28,664
Planning and zoning	1,820
Ordinance enforcement	2,142
	<hr/>
	32,626
Public Works:	
Roads	83,665
	<hr/>
	277,352
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(42,740)
FUND BALANCE - April 1, 2003	436,737
	<hr/>
FUND BALANCE - March 31, 2004	\$393,997
	<hr/>

See accompanying notes to financial statements.

Constantine Township
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Activities
For the Year Ended March 31, 2004

Net change in fund balances - total governmental funds	(\$42,740)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$2,165) were exceeded by depreciation (\$16,781) in the current period.	<u>(14,616)</u>
Change in net assets of governmental activities	<u><u>(\$57,356)</u></u>

See accompanying notes to financial statements.

Constantine Township
Statement of Fiduciary Net Assets
Fiduciary Fund
March 31, 2004

Agency Fund -
Tax Collection
Account

ASSETS

Cash

\$638

LIABILITIES

Due to other governmental units

\$638

See accompanying notes to financial statements.

CONSTANTINE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township was organized in the mid-1880's and covers an area of 35.5 square miles. The Township operates under an elected board of five members and provides services to its almost 4,200 residents in many areas including road maintenance, fire protection, and ambulance service.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Township has implemented GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*.

A. REPORTING ENTITY

These financial statements present the Township and its component unit, the Constantine Township Library. As defined by GASB No. 14, component units are legally separate entities that are included in the Township's reporting entity because of the significance of their operating or financial relationships with the Township. While the Township's year ends on March 31, the Library's year ends on December 31.

The primary objective of the Library is to provide and organize significant books and other printed or recorded materials and to give guidance in their use; to help people in their search for greater understanding and in the quest for reliable information and exploration of a more secure and creative pattern for living; to guide patrons in pursuit of recreational enjoyment of printed materials and recorded transcripts. Complete financial statements of the Library may be obtained from Constantine Township Library, 165 Canaris Street, Constantine, MI 49042.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The Township's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business. The Township and the Library both have only governmental activities.

The government-wide Statement of Net Assets reports activities on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts--invested in capital assets; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The gross expenses, including depreciation, are reduced by related program revenues. The functions are also supported by general government revenues.

This government-wide focus is more on the sustainability of the Township as a whole and the change in the Township's net assets resulting from the current year's activities.

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The following fund types are used by the Township:

1. Governmental Fund:

The focus of the governmental fund's measurement is upon determination of financial position and changes in financial position rather than upon net income. The Township's only governmental fund is the general fund. It is used to account for all financial resources of the Township.

2. Fiduciary Fund:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others. The assets are not available to support Township programs. The reporting focus is on net assets and changes in net assets. The Township's only fiduciary fund is the tax collection fund which is an agency fund--the Township is acting in a purely custodial capacity for other governmental units. Since by definition these assets are being held for distribution to other local governments and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

D. BASIS OF ACCOUNTING

The term basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to when a transaction or event is recognized and reported, regardless of the measurement focus applied. The measurement focus is used to denote what is being measured and recorded.

The accrual basis of accounting is used to report transactions in the government-wide financial statements. Revenues are recognized when earned and expenditures are recognized when incurred.

The modified accrual basis of accounting is used by the fund financial statements. Under this basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within sixty days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and investments - The amount reported as cash on the financial statements is money that is in checking and savings accounts. The amount reported as investments is in certificates of deposit and public funds investment trust accounts.

2. Capital assets - Capital assets reported in the government-wide financial statements are defined by the Township as assets with an initial cost of \$500 or more and an estimated useful life in excess of one year, with the exception of computer equipment and furniture, which are always recorded as capital assets. The depreciable assets are recorded at historical cost or as close to historical cost as could be determined. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. A complete capital asset inventory was taken prior to implementing the new reporting model.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and additions	40 years
Building improvements	10 - 40 years
Furniture and fixtures	10 years
Computer equipment and software	5 years
Fire equipment	10 years
Other equipment	10 years

3. Revenues - Substantially all governmental fund revenues are reported on the accrual basis, since property taxes are billed and collected within the same period, or within sixty days of the end of the period, in which they are levied.

4. Expenditures - Expenditures are reported when the related liability is incurred.

F. RESTRICTED FUND BALANCES

The restricted fund balance is money that is put into its own bank account and is earmarked for future purchases of major fire-fighting equipment.

NOTE II - COMPLIANCE AND ACCOUNTABILITY

Budgetary considerations - A budget for the general fund is required by state law. The first draft of the 2003-2004 budget was proposed and reviewed at the February 2003 board meeting and adopted at the March 2003 meeting. The budget was amended several times during the year to prevent overruns in various accounts. There were no excess expenditures.

NOTE III - ASSETS

A. Cash and investments

The Township's deposits are held at three different banks in the name of the Township. All deposits are in accordance with statutory authority. The bank deposits are categorized below to give an indication of the risk assumed by the Township. There were no outstanding checks and deposits in transit as of March 31, 2004.

- * Category 1 includes insured or collateralized deposits with securities held by the Township or its agent in the Township's name.
- * Category 2 includes collateralized deposits with securities held by the pledging financial institution's trust department or agent in the Township's name.
- * Category 3 includes uninsured and uncollateralized deposits. This includes any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent, but not in the Township's name.

Primary Government:

Component unit - Constantine Township Library:

<u>Category</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Category</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
1	\$286,830	\$286,830	1	\$153,453	\$162,973
3	101,810	101,810	3	96,064	96,846
Totals	<u>\$388,640</u>	<u>\$388,640</u>	Totals	<u>\$249,517</u>	<u>\$259,819</u>

B. Property taxes receivable

Properties taxes are levied December 1 and payable by February 14. At the settlement date, March 31, the unpaid taxes are turned into the county. The county pays the Township for the delinquent real property taxes. This is the amount reported as "property taxes receivable" on the financial statements. The Township treasurer continues to collect the delinquent personal property taxes. The 2003 ad valorem taxes levied consisted of .5000 mills, for Township operating purposes, a total of \$3,450 for road special assessments, and \$4,900 was added to an individual tax bill for funds to be reimbursed to the Township for expenses incurred in a property clean-up. The Library levy was .94520 mills.

C. Change in capital assets

Current year depreciation expense was \$16,781. Changes in capital assets were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets:				
Land	\$105,865	\$0	\$0	\$105,865
Depreciable assets:				
Buildings and improvements	133,503	0	0	133,503
Furniture and fixtures	10,265	0	0	10,265
Computer equipment/software	18,443	2,165	0	20,608
Fire equipment	277,290	0	0	277,290
Other equipment	19,769	0	0	19,769
Total depreciable assets	459,270	2,165	0	461,435
Less accumulated depreciation:				
Buildings and improvements	88,267	3,818	0	92,085
Furniture and fixtures	7,679	332	0	8,011
Computer equipment/software	10,397	2,625	0	13,022
Fire equipment	239,864	9,078	0	248,942
Other equipment	16,102	928	0	17,030
Total accumulated depreciation	362,309	16,781	0	379,090
Net depreciable assets	96,961	(14,616)	0	82,345
Net total capital assets	\$202,826	(\$14,616)	\$0	\$188,210

NOTE IV - INSURANCE RISK

The Township's insurance for Workers' Compensation, General Liability and Property Loss and fleet insurance is carried by an insurance company. The Township is not self-insured other than for minimal deductibles. No known material claims are outstanding.

NOTE V - RELATED PARTY TRANSACTIONS

The Constantine Township Library and Constantine Township offices occupy the same building. Approximately 2/3 of the area is used by the Library and 1/3 is used by the Township. Restroom facilities and utilities are shared by the two organizations. By informal agreement, the Library pays for most of the utilities and the Township provides all insurance coverage for the Library, except for bonding.

Constantine Township
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Original Budget, Final Budget, and Actual - General Fund
For the Year Ended March 31, 2004

	<u>Budgeted Amounts:</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$56,000	\$56,000	\$54,368	(\$1,632)
Tax collection fees	5,050	5,050	5,210	160
State revenue sharing	158,700	158,700	144,373	(14,327)
Charges for services -				
Cemetery	12,000	12,000	10,389	(1,611)
Fire	6,000	6,000	9,396	3,396
Interest earned	2,500	2,500	4,090	1,590
Refunds and reimbursements	0	0	103	103
Permits and fees	0	0	950	950
Miscellaneous income	3,000	3,000	2,283	(717)
Special assessments	3,000	3,000	3,450	450
Total revenues	246,250	246,250	234,612	(11,638)
EXPENDITURES				
General Government:				
Township board	61,500	65,700	50,452	15,248
Supervisor	10,000	10,000	10,000	0
Clerk	16,000	16,000	16,000	0
Treasurer	19,000	19,000	19,000	0
Assessor salary and supplies	21,000	21,000	20,337	663
Election	2,500	2,500	115	2,385
Board of Review/Appeals	2,100	2,100	945	1,155
Building and grounds	6,000	6,000	2,675	3,325
Cemetery -				
Sexton	30,000	30,000	30,000	0
Supplies	10,000	20,000	9,372	10,628
Capital outlay	2,000	15,500	2,165	13,335
Total general government	180,100	207,800	161,061	46,739
Public Safety:				
Fire and ambulance	32,550	32,550	28,664	3,886
Planning and zoning	2,000	2,000	1,820	180
Ordinance enforcement	2,000	7,000	2,142	4,858
Total public safety	36,550	41,550	32,626	8,924
Public Works:				
Roads	71,000	84,000	83,665	335
Total expenditures	287,650	333,350	277,352	55,998
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(41,400)	(87,100)	(42,740)	44,360
FUND BALANCE - April 1, 2003	436,737	436,737	436,737	0
FUND BALANCE - March 31, 2004	<u>\$395,337</u>	<u>\$349,637</u>	<u>\$393,997</u>	<u>\$44,360</u>

See accompanying notes to financial statements.

Constantine Township
Schedule of Township Board Expenditures
For the Year Ended March 31, 2004

Trustees	\$3,200
Supplies	3,342
Dues	1,672
Audit	2,000
Legal	11,023
Insurance	10,756
Printing and Publishing	434
Summer Recreation/Domestic Assault	4,100
Payroll Tax Expense	5,103
Miscellaneous	1,386
Land Resource Fees	7,436
Refunds and Reimbursements	<u>0</u>
Total Board Expenditures	<u>\$50,452</u>

See accompanying notes to financial statements.

Constantine Township
Reconciliation of 2003 Tax Roll
March 31, 2004

COLLECTIONS	<u>Roll</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County:			
Operating	\$434,510	\$391,326	\$43,184
Commission on Aging	31,473	28,345	3,128
911	58,990	53,127	5,863
Roads	90,378	81,396	8,982
Intermediate Schools	21,833	19,663	2,170
Special Education	234,851	211,511	23,340
Community College	260,480	234,592	25,888
State Education Tax	474,425	448,850	25,575
School Districts:			
Constantine	774,255	718,338	55,917
Constantine - Debt	613,110	556,379	56,731
White Pigeon	4,326	2,245	2,081
Three Rivers	7,886	6,342	1,544
Three Rivers - Debt	12,810	9,196	3,614
Township:			
Operating	47,435	42,721	4,714
Library	89,676	80,764	8,912
Special Assessment	3,450	3,158	292
Unpaid Bills	<u>4,900</u>	<u>4,520</u>	<u>380</u>
Total Taxes	<u>\$3,164,788</u>	2,892,473	<u>\$272,315</u>
Industrial Facilities Tax		632,250	
Dog Licenses		1,575	
Interest		1,945	
2002 Delinquent Taxes		10,930	
Trailer Park Monies		360	
Delinquent Personal Property Taxes		14,418	
Overpayments/Refunds		<u>6,189</u>	
Total Collections		<u>\$3,560,140</u>	
REMITTANCES			
State of Michigan		\$273,669	
St. Joseph County		1,729,080	
Constantine School District		1,370,800	
White Pigeon School District		2,245	
Three Rivers School District		16,524	
Constantine Township		63,124	
Constantine Township Library		100,238	
Refunds/Miscellaneous		<u>5,204</u>	
Total Remittances		<u>\$3,560,884</u>	
CHANGE IN CASH BALANCE		(744)	
CASH - BEGINNING OF YEAR		<u>1,382</u>	
CASH - END OF YEAR		<u>\$638</u>	

See accompanying notes to financial statements.

Jones' CPA Office

Shirley J. Jones, CPA
Amy M. Hall, Administrative Assistant

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July 5, 2004

To the Supervisor and Board
Constantine Township
St. Joseph County, Michigan

We are writing this letter in conjunction with the audit of the financial records for the Township of Constantine for the fiscal year ended March 31, 2004. We will forward to the State of Michigan their required copies of the report.

During the year ended March 31, 2004, the Township of Constantine did not incur any expenditures in excess of the amount appropriated. The records were in good order.

Thank you for your cooperation and patience during the course of the audit. Please call at any time if you have questions.

Sincerely,

JONES' CPA OFFICE

Shirley J. Jones, CPA